Bursa Malaysia (BURSA MK)

1Q26: ADV Remains Robust

	BUY (Maintained)
Share Price	RM8.55
Target Price	RM9.64
Upside	12.7%
Previous TP	RM9.80

Analyst(s)
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Highlights

- Bursa Malaysia reported 1Q26 net profit of RM72m (+6% yoy, +19% qoq). Earnings were marginally below due to higher-than-expected opex.
- Expectations of a Middle East resolution and moderating inflation in 2027 should sustain Bursa's robust ADV.
- We remain constructive on Bursa's ADV outlook for 2026 and maintain our BUY recommendation with a slightly lower target price of RM9.64, based on 25.5x 2027F PE (+0.5SD above mean) from RM9.80 post earnings adjustments.

1Q26 Results

Year to 31 Dec (RMm)	1Q26	4Q25	qoq % chg	1Q25	yoy % chg
Total Revenue	214.1	190.9	12.2	184.4	16.1
EBITDA	108.2	92.9	16.5	100.6	7.5
EBITDA margin (%)	52.3%	50.6%	1.7	56.6%	(4.3)
PBT	98.6	83.4	18.2	91.4	7.9
Net Profit	72.8	60.8	19.7	68.4	6.4
EPS (sen)	9.0	7.5	19.6	8.5	6.1
Average daily trading value (RMb)	3.34	2.67	25.1	2.63	27.2

Source: Bursa, UOB Kay Hian

Analysis

- **Marginally below.** Bursa Malaysia reported 1Q26 net profit of RM72.8m (+6.4% yoy, +19.7% qoq). Earnings came in slightly below expectations at 23% of our full-year forecast, mainly due to higher-than-expected opex, driven by elevated staff costs and new regulatory fees payable to the Securities Commission Malaysia from 1 Jan 26 (capped at RM35m p.a. for 2026). This was partly offset by stronger-than-expected trading activity, with ADV at RM3.3b vs our full-year forecast of RM3.0b.
- **1Q26 earnings growth underpinned by strong securities market trading revenue.** Despite a 23% yoy increase in opex, 1Q26 earnings rose 6% yoy, supported by strong securities trading performance. Trading revenue, which accounted for 44% of total revenue, grew 18.9% yoy. This was driven by a 27% yoy increase in ADV to RM3.3b amid heightened market volatility. As a result, trading velocity improved by 6ppt to 39% (1Q25: 33%). On a qoq basis, 1Q26 earnings grew a robust 19.7%, underpinned by a 24% increase in ADV.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	784	728	841	865	853
EBITDA	446	374	434	440	409
Operating profit	411	338	396	401	369
Net profit (rep./act.)	310	250	301	306	281
Net profit (adj.)	310	250	301	306	281
EPS	38.4	30.9	37.2	37.8	34.8
PE	22.4	27.8	23.1	22.8	24.7
P/B	8.0	8.7	8.5	8.4	8.2
EV/EBITDA	14.1	17.1	14.7	14.4	15.4
Dividend yield	5.1	3.3	4.1	4.2	3.8
Net margin	39.5	34.4	35.8	35.3	32.9
Net debt/(cash) to equity	(74.5)	(70.3)	(72.8)	(75.8)	(79.3)
Interest cover	n.a.	n.a.	n.a.	n.a.	n.a.
ROE	36.6	29.9	37.3	37.1	33.6
Consensus net profit			289.1	301.5	311.2
UOBKH/Consensus (x)			1.04	1.01	0.90

Source: Bursa, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Financials
Bloomberg ticker	BURSAMK
Shares issued (m)	809.3
Market cap (RMm)	6,919.5
Market cap (US$m)	1,709.1
3-mth avg daily t'over (US$m)	2.9

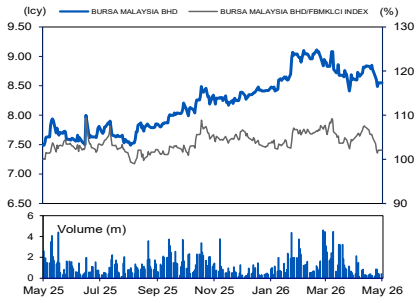
Price Performance (%)

52-week high/low				RM9.18RM7.36
1mth	3mth	6mth	1yr	YTD
0.5	(5.4)	4.4	15.9	1.5

Major Shareholders

	%
Capital Market Development Fund	18.6
EPF	15.3
Kumpulan Wang Persaraan	11.2

Price Chart



Source: Bloomberg

Company Description

Bursa is a fully integrated stock exchange offering a wide range of exchange-related services. It also offers information services related to the Malaysian securities market.

- **Derivative revenue off to a slow start.** Meanwhile, derivative trading revenue (14% of total revenue) was flattish as higher derivative trading volume (+5% yoy) was offset by lower conference and exhibition income which fell 10.6% yoy, mainly due to lower participation at the Palm and Lauric Oils Price Outlook Conference (POC).
- **Non-trading revenue boosted by larger IPOs in 1Q26.** Bursa's non-trading revenue, which accounted for 38% of group revenue, grew a robust 19% yoy. This was largely driven by higher IPO fees (+71% yoy), following the listing of Sunway Healthcare Holdings in 1Q26. Total funds raised from the IPO market increased to RM3.4b in 1Q26, compared with RM1.2b in 1Q25.
- **Remain constructive on ADV outlook.** Bursa Malaysia's ADV outlook over the near to medium term is expected to remain vibrant, underpinned by two key assumptions. First, a potential resolution to the current Middle East crisis in 2H26 could support a recovery in risk-on sentiment, driving stronger market participation and trading activity. Second, as geopolitical tensions ease, the inflation outlook for 2027 is likely to improve, partly due to the high-base effect from peak oil prices in 2026. This could pave the way for a resumption of the Fed's rate-cut trajectory, further supporting market sentiment and sustaining ADV growth into 2027 from emerging market inflows.
- **Raise our ADV assumptions.** Taking into account the stronger-than-expected ADV in 1Q26, and backloading our risk-on assumptions towards 2H26 and 2027, we raise our ADV forecasts. We now project 2026 and 2027 ADV at RM3.2b and RM3.3b, respectively, up from RM3.0b and RM2.8b previously.

Valuation/Recommendation

- **Maintain BUY with a slightly lower target price of RM9.64 (25.5x 2027F PE),** down from RM9.80, as we revise our earnings assumptions to reflect higher opex. We also take the opportunity to roll forward our valuation base to 2027 to capture the full impact of market recovery, driven by the eventual resolution of the Middle East crisis and the resumption of the Federal Reserve's rate-cut cycle. We continue to peg our target price to +0.5SD to mean PE, reflecting our view that ADV is likely to remain robust through to 2027.
- **Peak PE valuations during previous upcycles range between +0.5SD to +2.0SD.** Over the past 20 years, Bursa's PE valuations have typically peaked within a range of +0.5SD to +2.0SD during ADV upcycles.

Earnings Revision/Risk

- We tweak our 2026 and 27 earnings downwards by 4% and 2% respectively on higher opex assumptions, but partly cushioned by higher ADV assumptions.
- **Risks.** Escalation of the current Middle Eastern crisis and its contagion effect on global macroeconomic growth and consequently market sentiment.

Share Price Catalyst

- Stronger-than-expected ADV.
- Stronger-than-expected derivative contract volumes.

Environmental, Social, Governance (ESG) Updates

Environmental

- Carbon neutrality and zero greenhouse gas emission targets. Set a target to achieve carbon neutrality by 2022 and zero greenhouse gas emission by 2050.

Social

- Gender diversity. Maintained 42% females in senior management.
- Diversity, Equity and Inclusion (DEI). Established a DEI Policy in 2021 to ensure that the organisation is steered by a diverse group of employees in terms of age, ethnicity and gender.

Governance

- Non-independent board of directors composition. Composition of Independent Non-Executive Directors (INED) – 90%.

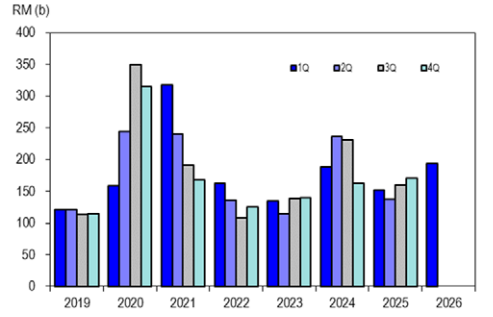
Source: Bloomberg, UOB Kay Hian

Assumptions

	2026F	2027F	2028F
Average Daily Value of Equities (RMb)	3.00	2.80	2.70
Futures Contract (m)	18.3	18.9	19.4
Dividend payout ratio (%)	95.0	95.0	95.0

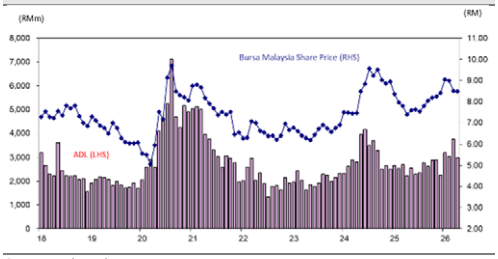
Source: Bloomberg, UOB Kay Hian

Bursa Quarterly Value Traded



Source: Bursa Malaysia, UOB Kayhian

Bursa Adv Vs Share Price



Source: Bloomberg

Bursa 2026 Adv Forecast

	2026F Average
Overall Market Capitalisation (RMb)	2,000
Market Velocity	39%
Total Value Traded (Market Velocity x Market Cap) (RMb)	780
Number of Trading Days	247
2025 estimated ADV (RMb)	3.15

Source: Bloomberg, UOB Kay Hian

Bursa PE Band

Source: Bloomberg

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	727.7	841.5	865.4	853.5
EBITDA	374.4	433.8	439.7	408.8
Deprec. & amort.	36.7	37.8	39.0	40.2
EBIT	337.6	395.9	400.7	368.7
Net interest income/(expense)	(0.5)	0.0	0.0	0.0
Pre-tax profit	337.1	395.9	400.7	368.7
Tax	(89.1)	(95.0)	(96.2)	(88.5)
Minorities	2.2	0.0	1.0	1.0
Net profit	250.2	300.9	305.5	281.2
Net profit (adj.)	250.2	300.9	305.5	281.2

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	243.7	275.7	307.7	339.7
Other LT assets	142.5	146.3	158.3	170.3
Cash/ST investment	570.4	601.7	638.2	678.4
Other current assets	2,267.8	2,405.8	2,056.0	2,098.0
Total assets	3,224.5	3,429.5	3,160.1	3,286.3
ST debt	0.5	1.0	1.0	1.1
Other current liabilities	2,399.8	2,556.0	2,237.5	2,349.3
LT debt	7.4	7.4	7.4	7.4
Other LT liabilities	16.3	49.6	83.7	84.0
Shareholders' equity	800.1	815.2	830.5	844.5
Minority interest	0.3	0.3	0.0	0.0
Total liabilities & equity	3,224.5	3,429.5	3,160.1	3,286.3

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	243.7	391.9	398.7	376.3
Pre-tax profit	247.9	300.9	305.5	281.2
Deprec. & amort.	36.7	37.8	39.0	40.2
Working capital changes	(12.9)	18.0	19.0	20.0
Non-cash items	(28.1)	35.1	35.2	35.0
Investing	59.9	(79.0)	(78.0)	(77.0)
Capex (maintenance)	(28.4)	(79.0)	(78.0)	(77.0)
Investments	0.0	0.0	0.0	0.0
Others	88.3	0.0	0.0	0.0
Financing	(321.1)	(285.9)	(290.3)	(267.1)
Dividend payments	(323.7)	(285.9)	(290.3)	(267.1)
Issue of shares	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	2.6	0.0	0.0	0.0
Net cash inflow (outflow)	-17.6	27.0	30.5	32.2
Beginning cash & cash equivalent	367.4	349.7	381.7	418.2
Ending cash & cash equivalent	349.8	376.7	412.2	450.4

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	51.4	51.5	50.8	47.9
Pre-tax margin	46.4	47.1	46.3	43.2
Net margin	34.4	35.8	35.3	32.9
ROA	6.6	9.0	9.3	8.7
ROE	29.9	37.3	37.1	33.6
Growth				
Turnover	(7.2)	15.6	2.8	(1.4)
EBITDA	(16.1)	15.9	1.4	(7.0)
Pre-tax profit	(17.9)	17.5	1.2	(8.0)
Net profit	(19.3)	20.3	1.5	(8.0)
Net profit (adj.)	(19.3)	20.3	1.5	(8.0)
EPS	(19.3)	20.3	1.5	(8.0)
Leverage				
Debt to total capital	1.0	1.0	1.0	1.0
Debt to equity	1.0	1.0	1.0	1.0
Net debt/(cash) to equity	(70.3)	(72.8)	(75.8)	(79.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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